

**YAKIMA COUNTY, WASHINGTON**  
**January 1, 1992 Through December 31, 1992**

---

**Schedule Of Findings**

---

1. Yakima County Should Monitor Subrecipient In Accordance With Federal Guidelines

In our audit of the Alcohol, Drug Abuse and Mental Health Services Block Grant (CFDA 93.992), it was determined the Department of Community Services could not demonstrate that they had developed and implemented an adequate system to monitor subrecipients of federal funds in accordance with federal regulations. The department lacked sufficient subrecipient monitoring procedures to identify all subrecipients and to determine which subrecipients had been audited; whether federal assistance funds had been spent in accordance with federal laws; whether corrective action was needed on any findings or questioned costs pertaining to subrecipients; or whether Yakima County's records needed to be adjusted as part of the audit resolution process. Disclosure in contracts with subrecipients was also deemed to be weak in identifying the federal requirements that apply at that level. This condition remains uncorrected as reported for the prior years ended December 31, 1991, 1990 and 1989.

Under the requirements of the Single Audit Act and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, when in a single fiscal year, a recipient of federal financial assistance passes \$25,000 or more of such assistance in a single subgrant through to one or more subrecipients, the primary recipient is responsible for determining whether the subrecipient expends that assistance in accordance with applicable laws and regulations. Furthermore, OMB Circular A-128 provides that, in such instances, the primary recipient should:

- a. Determine whether state or local subrecipients have met the audit requirements of Circular A-128 and, where applicable whether subrecipients covered by Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*, have met those unique requirements.
- b. Determine whether the subrecipient spent federal financial assistance funds provided in accordance with applicable laws and regulations.
- c. Ensure that, within six months after receipt of the subrecipient audit report on reported instances of noncompliance with federal laws and regulations, appropriate corrective action is taken.
- d. Consider whether subrecipient audits necessitate adjustment of the recipient's own records.
- e. Require each subrecipient to permit independent auditors to have access to their records and financial statements as necessary to comply with Circular A-128.

The Department of Community Services Director maintains that audit reports of subrecipients are reviewed but they were not aware of the need to document the review or

other processes.

Failure to adequately monitor subrecipient contracts results in lack of assurance that such contracts are properly administered, costs charged are allowable, and recipient matching requirements have been fulfilled and could have adverse consequences to future funding.

We again recommend the personnel of the Department of Community Services implement a subrecipient monitoring system that satisfies federal requirements.

2. Accounts Receivable Control Total Should Be Established

In our reports for 1988, 1989, 1990, and 1991, we recommended that control totals be established for all accounts receivable systems of the county. A control total is necessary part of a receivable system to ensure its integrity.

The county clerk's computerized receivable accounting system is prescribed by the Washington State Office of Administrator for the Courts (OAC). The system does not have a control total feature currently available, but OAC indicates it is in the process of being developed. In January 1993, the clerk's office started to implement a manual system, but the project was suspended because OAC's system enhancement is scheduled to be implemented at the county in September 1994.

Failure to maintain an accounts receivable control total results in a significantly greater risk that errors or irregularities could occur and not be detected in a timely manner. Consequently, we consider this condition to be a material weakness in internal controls.

We continue to recommend the county ensure control totals are established and maintained for all accounts receivable systems.

The following response was provided by Kim Eaton, the Yakima County Clerk.